

**FLORENCE - DARLINGTON TECHNICAL COLLEGE**

**FLORENCE, SOUTH CAROLINA**

**INDEPENDENT AUDITOR'S REPORT**

**FINANCIAL STATEMENTS AND SCHEDULES**

**FOR THE YEAR ENDED JUNE 30, 2013**

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

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**Florence-Darlington Technical College  
Florence, South Carolina**

**Organizational Data  
June 30, 2013**

**AREA COMMISSION MEMBERS AND OFFICERS**

Alvin Heatley, Chairperson, Darlington County  
Hood Temple, Vice-Chairperson, Florence County  
Chip Auman, Secretary, Darlington County  
Willie E. Boyd, Member, Darlington County  
Brian Newman, Member, Florence County  
Alvin DeWitt, Member, Darlington County  
D. Lee Daughtery, Member, Florence County  
Missy Jay, Member, Florence County  
Annie L. Jett, Member, Darlington County  
Charlene G. Lowery, Member, Florence County

**ADMINISTRATIVE STAFF**

Dr. Ben Dillard, President  
J. Timothy O'Dell, Vice-President for Business Affairs

Florence-Darlington counties contribute financially to the operations of the College.

**AREA SERVED BY COLLEGE**

Darlington County  
Florence County  
Marion County



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## INDEPENDENT AUDITOR'S REPORT

Florence - Darlington Commission for Technical Education  
Florence - Darlington Technical College  
Florence, South Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of Florence - Darlington Technical College, a component unit of the State of South Carolina, as of and for the years ended June 30, 2013 and June 30, 2012 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We did not audit the financial statements of Florence - Darlington Technical College Educational Foundation, Inc. which represents 100 percent of the discretely presented component unit presented in the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Florence - Darlington Technical College Educational Foundation, Inc. which represents 100 percent of the discretely presented component unit presented in the financial statements. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements insofar as it relates to the amounts included for Florence - Darlington Technical College Educational Foundation, Inc. as a discretely presented component unit, is based solely on the report of other auditors. We conducted our audits in accordance with auditing standards generally accepted in

the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Florence - Darlington Technical College, as of June 30, 2013 and June 30, 2012, and the respective changes in the financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Florence - Darlington Technical College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profits Organizations*, and is not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our report and the report of other auditors, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2013 on our consideration of the College's internal control over financial reporting and on our testes of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*Harper, Poston & Moree, P.A.*

Harper, Poston & Moree, P.A.  
Certified Public Accountants

Georgetown, South Carolina  
September 27, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



*Growing the economy . . . one graduate at a time.*  
**Management's Discussion and Analysis**

The management of Florence-Darlington Technical College offers readers of the College's financial statements this narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2013, and provides a comparison with the prior fiscal year ended June 30, 2012. This discussion should be read in conjunction with the financial statements and the notes thereto, which follow this section.

**2013 Financial Highlights**

- The assets of Florence-Darlington Technical College exceeded its liabilities at June 30, 2013, by \$46,393,609 (net position). Of this amount, \$10,231,569 (unrestricted net position) may be used to meet the College's ongoing obligations.
- The College's net position increased by \$877,801 or 1.9%, primarily due to an increase in state and federal grant funds.
- The College experienced an operating loss of \$31,062,570 as reported in the Statement of Revenues, Expenses, and Changes in Net Position. However, this operating loss was offset by State appropriations of \$7,260,533, local appropriations of \$4,986,935, Federal grants and contracts of \$20,962,023 and other nonoperating revenues.

**Overview of the Financial Statements**

The College is engaged only in Business-Type Activities (BTA) that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows.

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and classifies assets and liabilities into current and noncurrent. The difference between total assets and total liabilities is net position, which is displayed in three broad categories: net investment in capital assets which is net of related debt, restricted and unrestricted. Net position is one indicator of the current financial condition of the College, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses and Changes in Net Position is basically a statement of net income that replaces the fund perspective with the entity-wide perspective. Revenues and expenses are categorized by operating and nonoperating, and expenses are reported by object type.

The Statement of Cash Flows will aid readers in identifying the sources and uses of cash by the major categories of operating, capital and related financing, noncapital financing, and investing activities. This statement also emphasizes the College's dependence on State and county appropriations by separating them from operating cash flows.

Financial statements for the Florence – Darlington Technical College Educational Foundation, Inc. can be obtained by mailing a request to them at PO Box 100548, Florence, SC 29502. The Foundation's financial information is not included in this Management's Discussion and Analysis section.



A comparative analysis of data is presented in the following sections.

### Financial Analysis

Net position may serve over time as a useful indicator of an entity's financial position. The largest portion of the College's net position (59%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Nineteen percent of the College's net position represent resources that are subject to external restrictions on how they may be used. Unrestricted net position of \$10,231,569 (22%) may be used to meet the College's ongoing obligations.

This schedule is prepared from the College's Statements of Net Position as of June 30, 2013 and 2012 which is presented on an accrual basis of accounting where by assets are capitalized and depreciated (in millions):

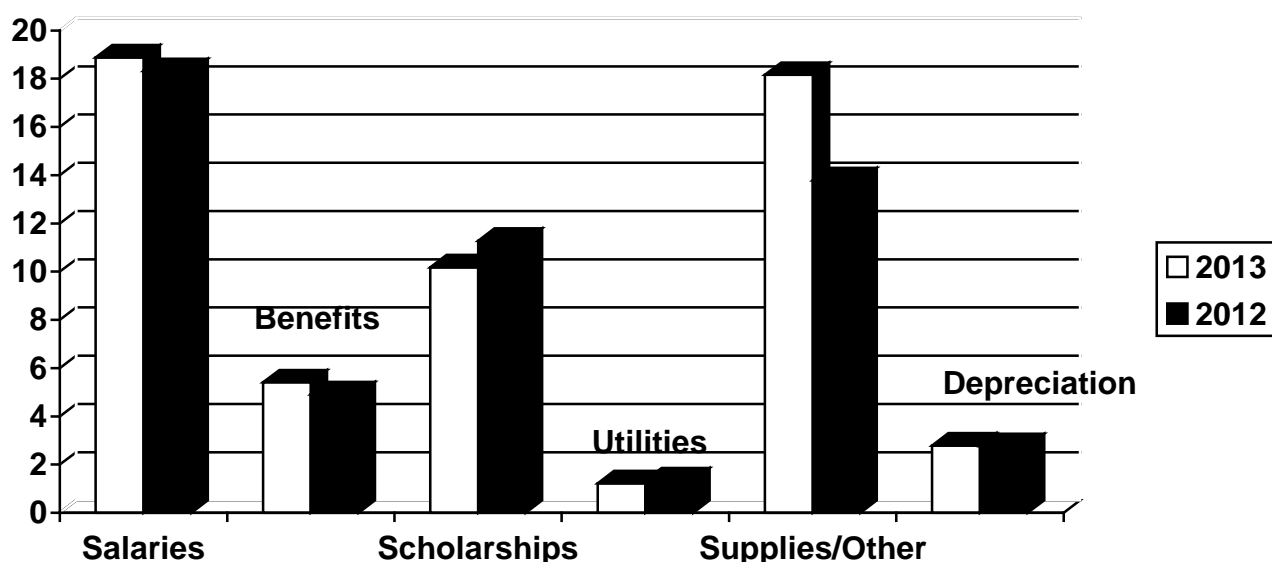
	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>Increase (Decrease)</b></u>
Current assets	\$15.05	\$15.47	\$ (.42)
Noncurrent assets			
Capital assets, net	47.03	48.30	(1.27)
Other	<u>9.24</u>	<u>7.87</u>	<u>1.37</u>
Total assets	<u>\$71.32</u>	<u>\$71.64</u>	<u>\$ (.32)</u>
Current liabilities	\$ 4.73	\$ 4.88	\$ (.15)
Noncurrent liabilities	<u>20.20</u>	<u>21.25</u>	<u>(1.05)</u>
Total liabilities	24.93	26.13	(1.20)
Net Position			
Net investment in capital assets	27.55	27.83	(.28)
Restricted: expendable	8.61	7.17	1.44
Unrestricted	<u>10.23</u>	<u>10.51</u>	<u>(.28)</u>
Total liabilities and net position	<u>\$71.32</u>	<u>\$71.64</u>	<u>\$ (.32)</u>

The following schedule summarizes the operating results for the two fiscal years (in millions):

	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>Increase (Decrease)</b></u>
Operating Revenue			
Tuition and fees	\$11.88	\$11.85	\$ .03
Grants and contracts	10.81	5.58	5.23
Auxiliary	2.82	2.88	(.06)
Other	<u>.07</u>	<u>.08</u>	<u>(.01)</u>
Total operating revenue	25.58	20.39	5.19
Less operating expenses	<u>56.64</u>	<u>52.41</u>	<u>(4.23)</u>
Net operating loss	(31.06)	(32.02)	.96
Non operating revenue and expenses			
State and county appropriations	12.25	11.96	.29
Other	<u>19.69</u>	<u>24.38</u>	<u>(4.69)</u>
Increase (Decrease) in net position	.88	4.32	(3.44)
Net Position, beginning of year	<u>45.51</u>	<u>41.19</u>	
Net Position, end of year	<u>\$46.39</u>	<u>\$45.51</u>	

As a result of the adoption of GASB Statements No. 34 and 35, changes in accounting principles have required a change in the recording of certain revenues and expenses (i.e., summer tuition revenue, scholarship allowances, interdepartmental bookstore charges, indirect costs, capital equipment expenditures and depreciation). A large portion of the revenue included in the Other Non operating revenue category represents student financial assistance, which is used to pay tuition, fees and bookstore charges for students to attend the College. An approximation of tuition, fees and bookstore charges paid from this source of funds has been recognized as a reduction of tuition and fees and auxiliary revenue in the form of scholarship allowances, in order to eliminate duplication of revenues.

Note 18 of the accompanying notes to the financial statements identifies operating expenses by their functional classifications. The following graph illustrates the natural class categories of the operating expenses from the condensed operating results above (in millions).



The schedule below summarizes the cash flows for the fiscal years ended June 30, 2013 and 2012 for the College (in millions).

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Cash provided (used) by			
Operating activities	\$(29.00)	\$(29.83)	\$ .83
Noncapital financing activities	34.14	35.12	(.98)
Capital and related financing	(3.65)	(5.47)	1.82
Investing activities	.04	.04	(.00)
Net (decrease) increase in cash	<u>\$ 1.53</u>	<u>\$ (.14)</u>	<u>\$ 1.67</u>

Cash used for operating activities (tuition and fees, grants and contracts and auxiliary enterprise charges less payments to employees and vendors) is offset by cash provided from noncapital financing activities which include state and local appropriations and federal student aid. Payments on debt and purchases of capital assets are included in the capital and related financing category.

**Capital asset and debt administration**

The Manufacturing Incubator project which is Phase II of the Southeastern Institute of Manufacturing and Technology (SiMT) began construction during fiscal year 2011 and was completed during fiscal year 2013. The College funded the project with a combination of state and federal funding and local funds. Phase II is located behind our main campus and will be a major asset to the College and to the economic development of Florence and Darlington counties.

<b><u>Long-term debt</u></b>	<b><u>July 1, 2012</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>June 30, 2013</u></b>
Revenue bonds and premium	\$19,964,228	\$ 0	\$ 742,409	\$ 19,221,819
Capital lease	509,677	0	250,740	258,937
Total long-term debt	<u>\$20,473,905</u>	<u>\$ 0</u>	<u>\$ 993,149</u>	<u>\$ 19,480,756</u>

<b><u>Capital assets</u></b>	<b><u>July 1, 2012</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>June 30, 2013</u></b>
Land and improvements	\$ 1,910,053	\$ 0	\$ 0	\$ 1,910,053
Construction in progress	4,019,782	230,476	4,250,258	0
Buildings and improvements	59,503,901	4,250,258	0	63,754,159
Machinery and vehicles	13,775,247	3,425,852	2,403,656	14,797,443
Accumulated depreciation	<u>(30,908,322)</u>	<u>(2,786,469)</u>	<u>(266,345)</u>	<u>(33,428,446)</u>
Net capital assets	<u>\$48,300,661</u>	<u>\$ 5,120,117</u>	<u>\$(6,387,569)</u>	<u>\$ 47,033,209</u>

**Economic factors**

Appropriations from the State of South Carolina remained stable during fiscal year 2013 despite a sluggish economy. The outlook for fiscal year 2014 is that state appropriations will remain stable with minor increases. The College has managed to offset prior year's state funding decreases by boosting enrollment, implementing marginal tuition increases, and conservative budgeting. The College continues to benefit from a history of consistent financial support from Darlington and Florence counties. The College continues to maintain Standard and Poor's 'A-' rating.

College enrollment has stabilized from fiscal year 2012 to 2013 after several years of dynamic growth which pushed college enrollment to over 6,000 students. Our enrollment performance among peer institutions remains strong. The future outlook for the College is positive.

## **FINANCIAL STATEMENTS**

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

STATEMENTS OF NET POSITION  
JUNE 30, 2013 AND JUNE 30, 2012

	2013	2012
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 8,264,394	\$ 8,164,105
Accounts Receivable, Net	5,487,193	6,171,348
Inventories	1,191,225	1,041,062
Prepaid Expense	106,124	98,042
Total Current Assets	<u>\$ 15,048,936</u>	<u>\$ 15,474,557</u>
Noncurrent Assets		
Restricted Cash and Cash Equivalents	\$ 8,609,587	\$ 7,176,557
Loans Receivable, Net	365,419	412,847
Bond Issuance Costs	259,569	275,143
Capital Assets, Net of Accumulated Depreciation	47,033,209	48,300,661
Total Noncurrent Assets	<u>\$ 56,267,784</u>	<u>\$ 56,165,208</u>
Total Assets	<u>\$ 71,316,720</u>	<u>\$ 71,639,765</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 702,086	\$ 717,311
Accrued Payroll and Related Liabilities	292,821	263,197
Interest Payable	304,128	321,175
Compensated Absences Payable	128,007	72,077
Deferred Revenue Restricted	445,602	623,697
Deferred Revenue Operating	1,641,288	1,755,946
Funds Held for Others	208,778	165,237
Revenue Bond and Capital Lease Payable - Current Portion	1,003,937	965,740
Total Current Liabilities	<u>\$ 4,726,647</u>	<u>\$ 4,884,380</u>
Noncurrent Liabilities		
Compensated Absences Payable	\$ 1,299,997	\$ 1,311,764
Perkins Loan Program - Federal Liability	419,648	419,648
Revenue Bond and Capital Lease Payable - Long Term Portion	18,476,819	19,508,165
Total Noncurrent Liabilities	<u>\$ 20,196,464</u>	<u>\$ 21,239,577</u>
Total Liabilities	<u>\$ 24,923,111</u>	<u>\$ 26,123,957</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 27,552,453	\$ 27,826,756
Restricted for		
Expendable		
Loans	42,248	20,814
Debt Service	8,567,339	7,155,743
Unrestricted	10,231,569	10,512,495
Total Net Position	<u><u>\$ 46,393,609</u></u>	<u><u>\$ 45,515,808</u></u>

The Accompanying Notes are an Integral Part of this Statement

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012

<b>REVENUES</b>	<u>2013</u>	<u>2012</u>
Operating Revenues		
Student Tuition & Fees (Net of Scholarship Allowance of \$9,711,438 For 2013 and \$9,864,552 for 2012)	\$ 9,072,779	\$ 8,928,767
Student Tuition & Fees (Pledged as Security for Revenue Notes)	2,807,987	2,926,067
Federal Grants and Contracts	6,905,182	2,173,470
State Grants and Contracts	3,902,875	3,408,810
Auxiliary Enterprise Charges (Net of Scholarship Allowance of \$1,804,705 for 2013 and \$2,060,545 for 2012)	2,821,609	2,880,305
Sales and Services of Education Departments	9,808	8,938
Other Operating Income	59,049	68,875
Total Operating Revenue	\$ <u>25,579,289</u>	\$ <u>20,395,232</u>
<b>EXPENSES</b>		
Operating Expenses		
Salaries	\$ 18,885,699	\$ 18,317,725
Benefits	5,409,673	4,906,682
Scholarships	10,177,315	11,284,308
Utilities	1,217,894	1,354,032
Supplies and Other Services	18,164,809	13,791,420
Depreciation	2,786,469	2,757,354
Total Operating Expenses	\$ <u>56,641,859</u>	\$ <u>52,411,521</u>
Operating Income (Loss)	\$ <u>(31,062,570)</u>	\$ <u>(32,016,289)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations (See Note 16)	\$ 7,260,533	\$ 7,076,873
County Appropriations	4,986,935	4,885,289
Investment Income	40,522	42,576
Interest Expense on Capital Asset Related Debt	(917,281)	(953,421)
Federal Grants and Contracts	20,962,023	22,487,136
State Grants and Contracts	121,878	114,446
Private Grants and Support	549,107	920,675
Other Nonoperating Revenues	426,085	305,930
Total Nonoperating Revenues (Expenses)	\$ <u>33,429,802</u>	\$ <u>34,879,504</u>
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	\$ 2,367,232	\$ 2,863,215
State Capital Appropriations	\$ 814,270	\$ 155,987
Federal Capital Grants	64,313	1,435,687
Capital Assets Transferred to Other State Agencies	(2,137,311)	0
Paid to Other State Agencies	<u>(230,703)</u>	<u>(132,219)</u>
Increase (Decrease) in Net Position	\$ 877,801	\$ 4,322,670
Net Position - Beginning of Year	\$ <u>45,515,808</u>	\$ <u>41,193,138</u>
Net Position - End of Year	\$ <u><u>46,393,609</u></u>	\$ <u><u>45,515,808</u></u>

The Accompanying Notes are an Integral Part of this Statement

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees (Net of Scholarship Allowances)	\$ 11,615,405	\$ 11,808,396
Federal, State and Local Grants and Contracts	9,800,663	6,109,310
Auxiliary Enterprise Charges (Net of Scholarship Allowances)	2,664,125	2,495,793
Sales and Services of Education Departments	9,808	8,938
Other Receipts	59,049	68,875
Student Loans Proceeds	17,442,769	17,152,692
Student Loan Disbursements	(17,442,769)	(17,152,692)
Payments to Vendors	(34,312,466)	(32,006,697)
Payments to Employees	(18,841,536)	(18,311,591)
Net Cash Provided (Used) by Operating Activities	\$ (29,004,952)	\$ (29,826,976)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriations	\$ 7,052,384	\$ 7,047,221
County Appropriations	4,885,439	4,313,421
State, Local and Federal Grants, Gifts and Contracts - Nonoperating	22,205,476	23,761,235
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 34,143,299	\$ 35,121,877
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
State Capital Appropriations	\$ 410,847	\$ 752,964
Federal Capital Grant	1,500,000	0
Principal Payment on Notes Payable	(965,740)	(955,341)
Interest Paid on Notes Payable and Capital Leases	(934,328)	(947,327)
Purchase of Capital Assets	(3,656,329)	(4,326,033)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (3,645,550)	\$ (5,475,737)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	\$ 40,522	\$ 42,576
Net Cash Provided (Used) by Investing Activities	\$ 40,522	\$ 42,576
Net Increase (Decrease) in Cash	\$ 1,533,319	\$ (138,260)
Cash - Beginning of Year	15,340,662	15,478,922
Cash - End of Year	\$ 16,873,981	\$ 15,340,662

The Accompanying Notes are an Integral Part of this Statement

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012

	2013	2012
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES)</b>		
<b>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (31,062,570)	\$ (32,016,289)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense	2,774,634	2,745,520
Change in Assets and Liabilities:		
Receivables, Net	(818,972)	42,138
Loans Receivable, Net	47,428	20,566
Inventories	(150,163)	(345,943)
Deferred Charges and Prepaid Expenses	(8,082)	(4,343)
Accounts Payable & Sales Tax Payable	(15,225)	(502,647)
Accrued Payroll and Related Liabilities	29,624	163,000
Funds Held for Others	43,541	38,111
Compensated Absences	44,163	6,134
Deferred Revenue	110,670	26,777
Net Cash Provided (Used) by Operating Activities	\$ <u>(29,004,952)</u>	\$ <u>(29,826,976)</u>

**SUPPLEMENTAL DISCLOSURES**

Noncash Capital and Related Financing Activities

Transfer of Capital Assets (to)/from Other State Agencies		
Net of Accumulated Depreciation	\$ (2,137,311)	\$ 0
Equipment Purchased with Capital lease and Contracts	0	775,018
Amortization of Bond Premium	27,409	27,409
Total Noncash Capital and Related Financing Activities	\$ <u>(2,109,902)</u>	\$ <u>802,427</u>

The Accompanying Notes are an Integral Part of this Statement



FLORENCE - DARLINGTON TECHNICAL COLLEGE EDUCATIONAL FOUNDATION, INC.  
FLORENCE, SOUTH CAROLINA  
COMPONENT UNIT  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2013 AND JUNE 30, 2012

	2013	2012
<b>ASSETS</b>		
Cash	\$ 590,764	\$ 710,596
Pledges Receivable	60,775	104,801
Investments	1,519,270	1,622,989
Other Receivables	27,578	900
Prepaid Expenses	3,560	18,522
Capital Assets, Net of Accumulated Depreciation	1,847,644	1,914,345
Land Held for Resale	406,520	0
Total Assets	<u>\$ 4,456,111</u>	<u>\$ 4,372,153</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 3,539	\$ 3,138
Due to Florence - Darlington Technical College	27,087	20,535
Deferred Revenue	112,500	200,000
Current Portion of Long Term Debt	45,708	41,243
Long Term Debt	1,775,908	1,823,610
Total Liabilities	<u>1,964,742</u>	<u>2,088,526</u>
<b>NET ASSETS</b>		
Unrestricted	\$ 1,005	\$ 30,639
Temporarily Restricted	1,659,046	1,688,605
Permanently Restricted	831,318	564,383
Total Net Assets	<u>\$ 2,491,369</u>	<u>\$ 2,283,627</u>
Total Liabilities and Net Assets	<u>\$ 4,456,111</u>	<u>\$ 4,372,153</u>

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012

	2013	2012
<b>SUPPORT AND REVENUE</b>		
Contributions	\$ 749,757	\$ 464,424
Special Events	41,314	60,659
Rental (loss), Net	(64,510)	(62,695)
Marketable Securities Investments (loss) Return	165,064	8,962
Total Support and Revenue	<u>\$ 891,625</u>	<u>\$ 471,350</u>
<b>EXPENSES</b>		
Program Expenses	\$ 319,992	\$ 487,763
Scholarships	249,504	256,955
Fund Raising	8,423	45
Administrative Expenses	105,964	114,885
Total Expenses	<u>\$ 683,883</u>	<u>\$ 859,648</u>
Change in Net Assets	\$ 207,742	\$ (388,298)
Net Assets - Beginning of Year	<u>2,283,627</u>	<u>2,671,925</u>
Net Assets - End of Year	<u>\$ 2,491,369</u>	<u>\$ 2,283,627</u>

The Accompanying Notes are an Integral Part of this Statement

## **NOTES TO FINANCIAL STATEMENTS**

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations:** Florence - Darlington Technical College (the “College”), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Florence, Darlington and Marion counties. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula that are consistent with the needs of employers in the College’s service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading skills of individual employees. The College also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

**Reporting Entity:** The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be incomplete. Accordingly, the financial statements include the accounts of Florence-Darlington Technical College, as the primary government, and the accounts of Florence-Darlington Technical College Educational Foundation, Inc (the “Foundation”), its component unit. The College is considered a discretely presented component unit of the State of South Carolina as required by GASB No. 61. However, based on the nature and significance of the Foundation’s relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 37 member board of the Foundation is a self-perpetuating entity which consists of the president, one member of the area commission and graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation’s operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the College’s financial reporting entity for these differences. However, significant note disclosures to the Foundation’s financial statements have been incorporated into the College’s notes to the financial statements.

Financial statements for the Foundation can be obtained by mailing a request to Florence-Darlington Technical College Educational Foundation, P.O. Box 100548, Florence, South Carolina, 29501.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial Statements:** The financial statements are presented in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College’s net position, revenues, expenses, changes in net position and cash flows that replaces the fund-group perspective previously required.

The College implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* during the year. The reader will note the change in terminology from “net assets” to “net position”; otherwise, the implementation does not have any impact on the College’s financial statements.

**Basis of Accounting:** For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated.

**Cash and Cash Equivalents:** For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the South Carolina State Treasurer’s Office are considered cash equivalents.

**Investments:** Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, “Investment of Funds”. The College has implemented GASB Statement No. 40, *Deposits and Investment Risk Disclosures - an amendment to GASB Statement No. 3*. This statement requires disclosures related to deposits risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The college accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

**Accounts Receivable:** Accounts receivable consists of tuition and fee charges to students, gift pledges, and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College’s grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

**Inventories:** Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out (“FIFO”) basis.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets:** Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions, renovations, and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles.

**Deferred Revenues and Deposits:** Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits represent student fee refunds, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement

**Compensated Absences:** Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of current and long-term liabilities in the statement of net position and as a component of salary and benefit expenses in the statement of revenues, expenses, and changes in net position.

**Net Position:** The College's net position is classified as follows:

*Net Investment in capital assets:* This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment of capital assets.

*Restricted net position - expendable:* Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

*Restricted net position - nonexpendable:* Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Unrestricted net position:* Unrestricted net position represents resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The College policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources and then to unrestricted resources.

**Income Taxes:** The College is exempt from income taxes under the Internal Revenue Code.

**Classification of Revenues:** The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating revenues:* Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

*Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

**Sales and Services of Educational and Other Activities:** Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The College receives such revenues primarily from the following programs: Dental Hygiene and Cosmetology.

**Auxiliary Enterprises and Internal Service Activities:** Auxiliary enterprise revenues primarily represent revenues generated by the bookstore and food services. Revenues of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Nonexchange Transactions:** Nonexchange transactions involving financial or capital resources are transactions in which the College either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. The types of nonexchange transactions the College engages in include “Voluntary nonexchange transactions” (certain grants and donations), and “Imposed nonexchange transactions” (fines and penalties), and “Government-mandated nonexchange transactions.”

Voluntary nonexchange transactions usually involve eligibility requirements that must be met before transactions are recognized. The eligibility requirements can include one or more of the following:

- a. The recipient has the characteristics specified by the provider.
- b. Time requirements specified by the provider have been met.
- c. The provider offers resources on a reimbursement basis and allowable costs have been incurred under the allowable program.
- d. The provider’s offer of resources is contingent upon a specified action of the recipient and that action occurred.

Resources transmitted before the eligibility requirements are met are reported as advances by the provider and as deferred revenue by recipients.

Assets from imposed nonexchange revenues are recognized when an enforceable legal claim to the assets arise or when the resources are received, whichever occurs first.

**Capitalized Interest:** The College capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. During the fiscal years ended June 30, 2013 and June 30, 2012, none of the interest cost met the criteria for capitalization.

**Reclassifications:** Certain amounts in the prior periods have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net position.

**Restricted Cash:** The restricted cash on the financial statements represents funds held at June 30, 2013 and June 30, 2012 that are restricted for the following purposes:

	June 30, 2013	June 30, 2012
Federal Perkins Loan	\$ 42,248	\$ 20,814
Debt Service	8,567,339	7,155,743
Total Restricted Cash	<u>\$ 8,609,587</u>	<u>\$ 7,176,557</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Component Unit:** Florence-Darlington Technical College Educational Foundation, Inc. maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

*Permanently Restricted Net Assets:* Permanently Restricted Net Assets is subject to donor-imposed stipulations that require them to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

*Temporarily Restricted Net Assets:* Temporarily Restricted Net Assets is subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

*Unrestricted Undesignated Net Assets:* Unrestricted Undesignated Net Assets is not subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

*Unrestricted Designated Net Assets:* Unrestricted Designated Net Assets is not subject to donor-imposed restrictions but subject to Foundation Board imposed stipulations.

Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are not recorded in the Foundation's financial records, but are accounted for and acknowledged separately.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value based upon quoted market prices.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**Deposits:** State Law requires that a bank or savings and loan association receiving State funds must secure deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss.

**Custodial Credit Risk:** Custodial credit risk for deposits is the risk that a government will not be able to recover deposits if the depository financial institution fails or to recover the value of collateral securities that are in the possession of an outside party if the counterparty to the deposit transaction fails. The College does not have a deposit policy for custodial credit risk. The deposits for the College at June 30, 2013 were \$18,676,713 and were fully insured or collateralized by securities held in the College's name.



FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

Temporary cash investments are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risks of changes in value because of changes in interest rates. The College is authorized, by the South Carolina Code of Laws, Section 11-9-660, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements.

The following schedule reconciles deposits, investments, and petty cash funds to the Statement of Net Position amounts:

**Primary Government:**

<u>Cash and Investments</u>	Deposits Not With State Treasurer	Petty Cash	Totals
Petty Cash	\$ 0	\$ 33,650	\$ 33,650
Demand Deposits	16,840,331	0	16,840,331
	<u>\$ 16,840,331</u>	<u>\$ 33,650</u>	<u>\$ 16,873,981</u>

**Statement of Net Position**

	2013	2012
Cash and Cash Equivalents (Current)	\$ 8,264,394	\$ 8,164,105
Restricted Cash and Cash Equivalents (Noncurrent)	8,609,587	7,176,557
Total Cash and Investments	<u>\$ 16,873,981</u>	<u>\$ 15,340,662</u>
(On the Statement of Net Position)		

**Disclosure of Deposits and Investments**

	2013	2012
Carrying Value of Deposits and Investments	\$ 16,840,331	\$ 15,307,012
Cash on Hand	33,650	33,650
Total Cash, Deposits, and Investments	<u>\$ 16,873,981</u>	<u>\$ 15,340,662</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

**Foreign Currency Risk:** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Florence-Darlington Technical College does not maintain deposits that are denominated in a currency other than the United States dollar, therefore, the College is not exposed to this risk.

**Interest Rate Risk:** Interest Rate Risk is the risk that changes in the interest rates of debt instruments will adversely affect the fair value of an investment. Currently, the college is not exposed to interest rate risk. The College does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:** Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The college does not have an investment policy regarding credit risk. The College does not currently have investments that are exposed to credit risk.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College places no limits on the amount the College may invest in any one issuer. Currently, the College has no investments which are exposed to concentration of credit risk.

**Discretely Presented  
Component Unit:**

<u>Cash and Investments</u>	Deposits Not With State Treasurer	Totals
Demand Deposits	\$ 590,764	\$ 590,764
	<u>\$ 590,764</u>	<u>\$ 590,764</u>

**Deposits:** The carrying amount of the Organization's deposits with financial institutions at June 30, 2013 was \$590,764 and the bank balance was \$590,764. The bank balance was secured as follows:

Cash in Bank, June 30, 2013	\$590,764
Less: FDIC insured amount	<u>(516,138)</u>
Uninsured Cash (Custodial Credit Risk)	<u>\$ 74,626</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

Investments at market value as of June 30, 2013 are summarized as follows (Investment Maturities in years):

Investment Type	Fair Value Amount
Money Market Funds	\$ 176,059
Preferred Stocks	42,726
Fixed Income	345,189
Real Estate Investment Trust	135,243
Equity Funds	820,053
<b>TOTAL INVESTMENTS</b>	<b>\$ 1,519,270</b>

The methodology used for valuing the investment at fair value are quoted market prices in active markets for identical assets.

Florence-Darlington Technical College Foundation does not follow standards set by the Governmental Accounting Standards Board and accordingly has not disclosed interest rate risk, credit risk, and concentration of credit risk.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2013 and June 30, 2012, including applicable allowances for doubtful accounts, are summarized as follows:

Current Receivables:	2013	2012
Student Accounts	\$ 1,567,379	\$ 1,662,163
Industry and Other Sponsor Accounts	282,498	299,951
County Governments	765,392	663,896
Foundation	27,087	52,320
Federal Grants and Contracts	2,515,584	3,049,116
State Grants and Contracts	840,022	600,402
Other	280,276	897,484
Gross Receivables	\$ 6,278,238	\$ 7,225,332
Less: Allowance for Doubtful Accounts	(791,045)	(1,053,984)
Net Accounts Receivable	<u>\$ 5,487,193</u>	<u>\$ 6,171,348</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 3 – ACCOUNTS RECEIVABLE (continued)**

Allowances for losses of student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2013, the allowance for uncollectible student accounts is valued at \$791,045 and at June 30, 2012, the allowance for uncollectible student accounts is valued at \$1,053,984.

**NOTE 4 – LOANS RECEIVABLE**

Student loans made through the Federal Perkins Loan Program and Nursing Student Loan Program comprise substantially all of the loans receivable as of June 30, 2013 and as of June 30, 2012. The Perkins Loan Program provides various repayment options; students have the right to repay the loans over periods of up to 10 years depending on the amount of the loan and loan cancellation privileges the student may exercise. The remaining payments are classified as long-term loans receivable. As the College determines that Perkins loans are uncollectible, the loans are written off and assigned to the US Department of Education. The loans receivable as of June 30, 2013 and June 30, 2012 are summarized below:

	<u>2013</u>	<u>2012</u>
Perkins Loans	\$ 378,794	\$ 425,477
Nursing Loans	11,872	12,617
Gross Loans Receivable	\$ 390,666	\$ 438,094
Less: Allowance for Doubtful Accounts	<u>(25,247)</u>	<u>(25,247)</u>
Net Loans Receivable	<u>\$ 365,419</u>	<u>\$ 412,847</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 5 – CAPITAL ASSETS**

<b><u>Primary Government:</u></b>	Beginning Balance July 1, 2012	Increases	Decreases	Ending Balance June 30, 2013
Capital Assets not being Depreciated:				
Land	\$ 1,910,053	\$ 0	\$ 0	\$ 1,910,053
Construction in Progress	<u>4,019,782</u>	<u>230,476</u>	<u>4,250,258</u>	<u>0</u>
Total Capital Assets not being Depreciated	<u>\$ 5,929,835</u>	<u>\$ 230,476</u>	<u>\$ 4,250,258</u>	<u>\$ 1,910,053</u>
Other Capital Assets:				
Buildings and Improvements	\$ 59,503,901	\$ 4,250,258	\$ 0	\$ 63,754,159
Machinery, Equipment, and Other	13,493,601	3,420,852	2,390,156	14,524,297
Vehicles	<u>281,646</u>	<u>5,000</u>	<u>13,500</u>	<u>273,146</u>
Total Other Capital Assets at Historical Cost	<u>\$ 73,279,148</u>	<u>\$ 7,676,110</u>	<u>\$ 2,403,656</u>	<u>\$ 78,551,602</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ (18,783,974)	\$ (1,702,243)	\$ 0	\$ (20,486,217)
Machinery, Equipment, and Other	(11,870,955)	(1,079,420)	252,845	(12,697,530)
Vehicles	<u>(253,393)</u>	<u>(4,806)</u>	<u>13,500</u>	<u>(244,699)</u>
Total Accumulated Depreciation	<u>\$ (30,908,322)</u>	<u>\$ (2,786,469)</u>	<u>\$ 266,345</u>	<u>\$ (33,428,446)</u>
Other Capital Assets, Net	<u>\$ 42,370,826</u>	<u>\$ 4,889,641</u>	<u>\$ (2,137,311)</u>	<u>\$ 45,123,156</u>
Total Capital Assets, Net	<u><u>\$ 48,300,661</u></u>	<u><u>\$ 5,120,117</u></u>	<u><u>\$ (6,387,569)</u></u>	<u><u>\$ 47,033,209</u></u>
State Inventory listing Movable Equipment				\$ 14,797,443
Total Equipment per Books				<u>14,797,443</u>
Difference				<u><u>\$ 0</u></u>

Total depreciation expense for the years ended June 30, 2013 and June 30, 2012 was \$2,786,469 and \$2,757,354, respectively.

The decrease in Machinery, Equipment and Other includes assets valued at \$2,137,311 which were transferred to other State Agencies.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 5 – CAPITAL ASSETS (continued)**

<b><u>Florence-Darlington Technical College Foundation:</u></b>	Beginning Balance July 1, 2012	Increases	Decreases	Ending Balance June 30, 2013
Capital Asset not being Depreciated:				
Land and Easements	\$ 453,064	\$ 0	\$ 0	\$ 453,064
Total Capital Assets not being Depreciated	\$ 453,064	\$ 0	\$ 0	\$ 453,064
Other Capital Assets:				
Building and Improvements	\$ 1,632,997	\$ 0	\$ 0	\$ 1,632,997
Furniture and Fixtures	272,073	0		272,073
Total Other Capital Assets	\$ 1,905,070	\$ 0	\$ 0	\$ 1,905,070
Less Accumulated Depreciation for:				
Building and Improvements	\$ (313,776)	\$ (40,930)	\$ 0	\$ (354,706)
Furniture and Fixtures	(130,013)	(25,771)		(155,784)
Total Accumulated Depreciation	\$ (443,789)	\$ (66,701)	\$ 0	\$ (510,490)
Other Capital Assets, Net	\$ 1,461,281	\$ (66,701)	\$ 0	\$ 1,394,580
Total Capital Assets, Net	\$ 1,914,345	\$ (66,701)	\$ 0	\$ 1,847,644

Total depreciation expense for the years ended June 30, 2013 and June 30, 2012 was \$66,701 and \$66,700, respectively.

**NOTE 6 - PLEDGES RECEIVABLE**

The composition of Discretely Presented Component Unit Pledges Receivable at June 30, 2013 is summarized as follows:

Pledges receivable due in less than one year	\$ 55,000
Pledges receivable due from one to five years	30,000
Less: Allowance for uncollectible pledges	(21,250)
Less: Present value discount	<u>(2,975)</u>
Net Pledges Receivable	<u>\$ 60,775</u>

Pledges for permanent endowments do not meet the eligibility requirements, as defined by SFAS 116, until the related gift is received. Because of uncertainties with regard to their reliability and valuation, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met. Foundation management has established the allowance for uncollectible pledges at June 30, 2013 based on evaluations of the outstanding pledges. The discount rate used to determine the fair value of pledges receivable was 3.50 percent. This receivable is restricted for use with the Southeastern Institute for Manufacturing and Industry.

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**NOTE 7 – PENSION PLANS**

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to Financial Services, South Carolina Retirement Systems, P.O. Box 11960, Columbia, South Carolina 29211. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

*South Carolina Retirement System*

The majority of employees of the College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

On July 1, 2012, the required employee contribution increased to 7.00 percent. Effective July 1, 2012, the employer contribution rate became 15.15 percent which included a 4.55 percent surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2013, 2012, and 2011, were \$1,606,430, \$1,380,320 and \$1,377,161, respectively, and equaled the required contributions (excluding the surcharge) for each year. Also, the College paid employer group-life insurance contributions of \$23,059 in the current fiscal year at the rate of .15 percent of compensation.

*Deferred Compensation Plans*

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

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**NOTE 7 – PENSION PLANS (continued)**

*Optional Retirement Program*

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.45 percent plus the retiree surcharge of 4.55 percent from the employer in fiscal year 2013. A direct remittance is required from the employers to the investment providers for the employee contribution (7.00 percent) and a portion of the employer contribution (5 percent). Also, a direct remittance is required to SCRS for a portion of the employer contribution (10.00 percent), which must be retained by SCRS.

Employees are eligible for group-life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for postretirement group-life insurance benefits. For the fiscal year, total contribution requirements to the ORP were \$155,421 (excluding the surcharge) from Florence-Darlington Technical College as employer and \$104,110 from its employees as plan members. In addition, the College paid to the SCRS employer group-life insurance contributions of \$2,231 in the current fiscal year at the rate of .15 percent of compensation.

*Teacher and Employee Retention Incentive*

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2005, employees who choose to participate in the TERI Program will be required to make SCRS contributions. Due to the South Carolina Supreme Court decision in *Layman et al v. South Carolina Retirement System and the State of South Carolina*, employees who chose to participate in the TERI Program, prior to July 1, 2005 will not be required to make SCRS contributions.

**NOTE 8 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS**

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the College are eligible to receive these benefits. The State provides postemployment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirements, such as age, length of service and hire date. Generally those who retire must have at least 10 years of retirement service credit to qualify for these State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.



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**NOTE 8 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)**

These benefits are provided through annual appropriations by the General Assembly to the College for its active employees and to the State Budget and Control Board for all participating State retirees except the portions funded through the pension surcharge and provided from other applicable fund sources of the College for its active employees who are not funded by State General appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis.

The College recorded benefit expenses for these insurance benefits for active employees in the amount of \$1,290,186 for the year ended June 30, 2013. As discussed in Note 7, the College paid \$767,122 applicable to the 4.55 percent surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Office of Insurance Services for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to the College's retirees is not available. By State law, the College has no liability for retirement benefits. Accordingly the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from the Systems' earnings; however a portion of the required amount is appropriated from the State General Fund annually for the SCRS benefits.

**NOTE 9 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS**

The College is party to various lawsuits arising out of the normal conduct of its operations including a lawsuit in connection with a student death on College premises. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Necessary funding has been obtained for the acquisition, construction, renovation, and equipping of certain facilities, which will be capitalized in the applicable capital asset categories upon completion. At June 30, 2013, the College had no remaining commitment balances with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Other capital projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities.

The College anticipates funding these projects out of current resources. The State has issued capital improvement bonds to fund improvements and expansion of State facilities. The College is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have given approval to begin specific projects and project expenditures have been incurred. The College has expended all authorized State Capital Improvement Bonds available to draw at June 30, 2013.

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**NOTE 10 – LEASE OBLIGATIONS**

**Operating**

Operating lease payments during the fiscal year ended June 30, 2013, totaled \$102,623 to the discretely presented component unit. The College rents 26 copiers that meet the definition of contingent rentals. During the fiscal year ending June 30, 2013 the College expended \$83,265 to external parties for these contingent rentals which are based upon the copier machine usage.

**Capital**

Capital lease payments during the fiscal year ended June 30, 2013 totaled \$267,424 which included \$16,684 of interest to an external party. Equipment acquired under this capital lease was valued at \$775,018 and the accumulated depreciation at June 30, 2013 was \$495,151.

Year Ending June 30,	Operating Leases with Discretely Presented Component Unit	Capital Leases with External Parties
2014	\$ 102,623	\$ 267,424
2015	102,623	0
2016	102,623	0
Total minimum payments	\$ 307,869	\$ 267,424
Less: Interest	0	(8,487)
Net present value	<u>\$ 307,869</u>	<u>\$ 258,937</u>

**NOTE 11 – BONDS PAYABLE**

Bonds Payable consisted of the following at June 30, 2013:

Revenue Bonds	Interest Rate	Maturity Date	Balance
Series 2005A	3.00% to 5.00%	03/01/30	\$ 18,765,000
Total Bonds Payable			<u>\$ 18,765,000</u>

Revenue Bonds are payable from and secured by a pledge of net revenues derived by the College from the fees charged by the College to fund capital additions. Revenue Bonds are additionally secured by all available funds and academic fees at the College which are not (1) otherwise designated or restricted; (2) funds derived from appropriations; and (3) tuition funds pledged to the repayment of state institution bonds.

The College has secured insurance contracts for revenue bonds which guarantee payment of principal and interest, in the case such required payment has not been made, for a period equal to the final maturity of the bonds. Certain of the bonds payable are callable at the option of the College.

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**NOTE 11 – BONDS PAYABLE (continued)**

The scheduled maturities of the bonds payable are as follows:

Revenue Bond Series 2005A	Principal	Interest	Total Payable
2014	\$ 745,000	\$ 889,044	\$ 1,634,044
2015	770,000	862,038	1,632,038
2016	800,000	832,200	1,632,200
2017	840,000	793,200	1,633,200
2018	885,000	751,200	1,636,200
2019-2023	5,130,000	3,046,250	8,176,250
2024-2028	6,535,000	1,636,350	8,171,350
2029-2030	3,060,000	208,125	3,268,125
	<u>\$ 18,765,000</u>	<u>\$ 9,018,407</u>	<u>\$ 27,783,407</u>

**NOTE 12 – LONG-TERM LIABILITIES**

Primary Government:	June 30, 2012	Additions	Reductions	June 30, 2013	Due within One Year
Bonds Payable:					
Revenue Bond Payable	\$ 19,480,000	\$ 0	\$ 715,000	\$ 18,765,000	\$ 745,000
Plus Unamortized Premium	484,228	0	27,409	456,819	0
Total Bonds Payable	19,964,228	0	742,409	19,221,819	745,000
Capital Lease	509,677	0	250,740	258,937	258,937
Accrued Compensated Absences	1,383,841	1,428,004	1,383,841	1,428,004	128,007
TOTAL	<u>\$ 21,857,746</u>	<u>\$ 1,428,004</u>	<u>\$ 2,376,990</u>	<u>\$ 20,908,760</u>	<u>\$ 1,131,944</u>

**Discretely Presented Component**

Unit:	June 30, 2012	Additions	Reductions	June 30, 2013	Due within One Year
Notes Payable	\$ 1,864,853	\$ 0	\$ 43,237	\$ 1,821,616	\$ 45,708
Total Notes Payable	<u>\$ 1,864,853</u>	<u>\$ 0</u>	<u>\$ 43,237</u>	<u>\$ 1,821,616</u>	<u>\$ 45,708</u>

Aggregate maturities or payments required on principal under the long-term debt obligation for each of the succeeding five years are as follows:

2014	\$ 45,708
2015	48,118
2016	50,655
2017	53,326
2018	56,139
After 2018	<u>1,567,670</u>
	<u>\$1,821,616</u>

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**NOTE 13 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS**

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational program. Financial statements for these entities are audited by independent auditors retained by them. They include the Florence-Darlington Technical College Educational Foundation, Inc. and SCATE, Inc. Following is a more detailed discussion of these two entities and a summary of significant transactions between them and the College for the year ended June 30, 2013.

***SCATE, Inc.***

Management reviewed its relationship with SCATE, Inc. under the existing guidance of GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. The College excluded this organization from the reporting entity because it is not financially accountable for it, and SCATE Inc.'s assets are not significant to the College's overall assets.

SCATE, Inc. is a separately chartered corporation organized exclusively for educational purposes for the support of the SC ATE Center of Excellence located at Florence-Darlington Technical College. The College's statements include contractual payments of \$196,343 to SCATE, Inc. during the fiscal year. SCATE, Inc.'s assets as of June 30, 2013 were \$596,760. At June 30, 2013 there were \$54,073 of payables due to SCATE, Inc. and no receivables due from SCATE, Inc.

***The Florence-Darlington Technical College Foundation, Inc.***

Management reviewed its relationship with the Foundation under the existing guidance of GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Because of the nature and the significance of its relationship with the College, the Foundation is considered a component unit of the College.

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of the College. The Foundation's activities are governed by its Board of Directors.

The College recorded non-governmental gifts receipts of \$164,262 from the Foundation in non-operating revenues for the fiscal year ending June 30, 2013. These funds were used to support College programs such as scholarships.

The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides office space, administrative and support services to the Foundation. The value of this office space and these services was approximately \$35,564 for the year ended June 30, 2013.

The Foundation's assets as of June 30, 2013 were \$4,456,111.

Amounts due from the Foundation as of June 30, 2013 are \$27,087.

**NOTE 14 – RISK MANAGEMENT**

The College is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

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**NOTE 14 – RISK MANAGEMENT (continued)**

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and group-life insurance benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercraft
- Torts
- Natural disasters
- Medical malpractice claims against the Infirmary

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

**NOTE 15 – AGENCY FUNDS**

The agency fund accounts for Stafford Direct Loan flow through transactions and Student Activity Funds. The Student Activity Fund is used to account for assets held by the College as an agent for others, such as student organizations. These organizations exist with the explicit approval of and are subject to revocation by the College. Student Activity Funds are custodial in nature (assets equal liabilities). The following is a summary of the changes in the Student Activity Fund and Stafford Direct Loan Funds:

	June 30, 2012				June 30, 2013
	Balance	Receipts	Disbursements		Balance
Stafford Direct Loans	\$ 0	\$ 17,442,769	\$ 17,442,769	\$	0
Student Activity	\$ 165,237	\$ 398,763	\$ 355,222	\$	208,778

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**NOTE 16 – STATE APPROPRIATIONS**

State General funds for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

The following is a detail schedule of State General appropriations revenue reported in the financial statements for the fiscal years ended June 30, 2013 and June 30, 2012:

<u>NON-CAPITAL APPROPRIATIONS</u>	<u>2013</u>	<u>2012</u>
Current Year's Appropriations		
Appropriations per State Board Allocation	\$ 5,827,274	\$ 5,571,499
Entrepreneurial Operations	1,209,088	1,209,088
Lottery Technology funds	103,052	146,389
Nursing Faculty Salary Supplemental Funds	22,374	22,374
Pathways to Prosperity	37,784	37,784
ReadySC Operations	60,961	89,739
Total non-capital appropriations recorded as current year revenue	<u>\$ 7,260,533</u>	<u>\$ 7,076,873</u>
 <u>CAPITAL APPROPRIATIONS</u>	 <u>2013</u>	 <u>2012</u>
Current Year's Appropriations		
State Deferred Maintenance funds	\$ 814,270	\$ 155,987
Total capital appropriations recorded as current year revenue	<u>\$ 814,270</u>	<u>\$ 155,987</u>

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**NOTE 17 – OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification for the years ended June 30, 2013 and June 30, 2012 are summarized as follows:

June 30, 2013

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	\$ 9,382,180	\$ 2,750,919	\$ 0	\$ 0	\$ 2,947,361	\$ 0	\$ 15,080,460
Academic Support	3,207,103	747,769	0	0	3,245,325	0	7,200,197
Student Services	2,020,058	597,143	0	0	2,336,130	0	4,953,331
Operation and Maintenance of Plant	756,359	231,268	0	1,208,177	3,897,871	0	6,093,675
Institutional Support	3,301,364	1,019,392	0	0	2,122,733	0	6,443,489
Scholarships	0	0	10,177,315	0	0	0	10,177,315
Auxiliary Enterprises	218,635	63,182	0	9,717	3,615,389	0	3,906,923
Depreciation	0	0	0	0	0	2,786,469	2,786,469
Total Operating Expenses	<u>\$ 18,885,699</u>	<u>\$ 5,409,673</u>	<u>\$ 10,177,315</u>	<u>\$ 1,217,894</u>	<u>\$ 18,164,809</u>	<u>\$ 2,786,469</u>	<u>\$ 56,641,859</u>

June 30, 2012

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	\$ 9,167,448	\$ 2,538,309	\$ 0	\$ 0	\$ 2,095,856	\$ 0	\$ 13,801,613
Academic Support	3,216,108	691,275	0	0	1,898,729	0	5,806,112
Student Services	1,987,928	536,597	0	0	1,345,611	0	3,870,136
Operation and Maintenance of Plant	736,116	212,234	0	1,343,675	2,032,799	0	4,324,824
Institutional Support	3,017,907	873,203	0	0	2,830,236	0	6,721,346
Scholarships	0	0	11,284,308	0	0	0	11,284,308
Auxiliary Enterprises	192,218	55,064	0	10,357	3,588,189	0	3,845,828
Depreciation	0	0	0	0	0	2,757,354	2,757,354
Total Operating Expenses	<u>\$ 18,317,725</u>	<u>\$ 4,906,682</u>	<u>\$ 11,284,308</u>	<u>\$ 1,354,032</u>	<u>\$ 13,791,420</u>	<u>\$ 2,757,354</u>	<u>\$ 52,411,521</u>

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**NOTE 18 - REQUIRED INFORMATION ON BUSINESS TYPE ENTITIES**

	<u>2013</u>	<u>2012</u>	<u>DIFFERENCE</u>
Charges for Services	\$ 25,520,240	\$ 20,326,357	\$ 5,193,883
Operating Grants and Contributions	27,145,599	28,824,927	(1,679,328)
Capital Grants and Contributions	64,313	1,435,687	(1,371,374)
Less: Expenses	(57,559,140)	(53,364,942)	(4,194,198)
Net Program Revenue (Expense)	<u>(4,828,988)</u>	<u>(2,777,971)</u>	<u>(2,051,017)</u>
Transfers:			
State Appropriations	7,260,533	7,076,873	183,660
State Capital Appropriations	814,270	155,987	658,283
Less: Transfers out to State			
Agencies/Funds	<u>(2,368,014)</u>	<u>(132,219)</u>	<u>(2,235,795)</u>
Total General Revenue and Transfers	<u>5,706,789</u>	<u>7,100,641</u>	<u>(1,393,852)</u>
Change in Net Position	877,801	4,322,670	(3,444,869)
Net Position - Beginning of Year	45,515,808	41,193,138	4,322,670
Net Position - End of Year	<u>\$ 46,393,609</u>	<u>\$ 45,515,808</u>	<u>\$ 877,801</u>

**NOTE 19 - PURCHASES WITH OTHER SC HIGHER EDUCATION INSTITUTIONS**

The College received goods and/or services from other South Carolina higher education institutions for a fee during the fiscal year ended June 30, 2013:

<u>Institution:</u>	<u>Amount:</u>
Research Institution:	
Clemson	\$ 315,215
University of South Carolina	4,270
Teaching Institution:	
Francis Marion University	\$ 10,917
Technical Colleges:	
Aiken Technical College	\$ 211,241
Central Carolina Technical College	280,138
Denmark Technical College	135,789
Greenville Technical College	118,557
Horry-Georgetown Technical College	177,958
Midlands Technical College	146,122
Northeastern Technical College	321,214
Orangeburg-Calhoun Technical College	290,050
Piedmont Technical College	209,998
Tri-County Technical College	1,200
Williamsburg Technical College	268,680
York Technical College	<u>6,000</u>
Total	<u>\$2,497,349</u>



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**NOTE 20 – TRANSACTIONS WITH OTHER AGENCIES**

The College had significant transactions with the State of South Carolina and various agencies.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General.

Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, audit services, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

**NOTE 21 - ACCOUNTS PAYABLE**

Accounts payable as of June 30, 2013 are summarized as follows:

Payables:	
Accounts Payable	\$ 392,203
Accounts Payable from Federal Grants	303,889
Accounts Payable from State Grants	<u>5,994</u>
Total Accounts Payable	<u>\$ 702,086</u>

**NOTE 22 – STATE FISCAL STABILIZATION FUNDS (ARRA FUNDS)**

The College incurred expenditures of \$978,506 during fiscal year 2013 under American Recovery and Reinvestment Act (ARRA) funding. These funds were awarded to the College via pass-through funding from the U.S. Department of Education (State Fiscal Stabilization Funds), U.S. Department of Labor (Workforce Investment Act), and the U.S. Department of Human Services (Office of the National Coordinator for Health Information Technology). ARRA funds were expended primarily for building, classroom and lab renovations. In addition, ARRA funds provided WIA scholarships and student support.

The schedules below list the individual funds and expenses and the expenses by functional classification.

<b>Fund</b>	<b>Funds used during FY ended June 30, 2013</b>
ARRA Broadband Technology	\$ 5,498
ARRA Healthcare Sector and Other High Growth Emerging Industries	714,655
ARRA Health Information Technology	<u>258,353</u>
Total expenditures incurred during FY ended June 30, 2013	<u>\$ 978,506</u>

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**NOTE 22 – STATE FISCAL STABILIZATION FUNDS (ARRA FUNDS) (continued)**

Please note that all expenses are included in the schedule presented in NOTE 17:

	Salaries	Benefits	Scholarships	Supplies and Other Services	Total
Instruction	\$ 139,514	\$ 32,024	\$ 0	\$ 226,184	\$ 397,722
Academic Support	145,872	34,581	0	24,432	204,885
Student Services	89,669	17,381	0	201,841	308,891
Indirect Cost	25,226	5,882	0	21,025	52,133
Scholarships	0	0	14,875	0	14,875
Total Expenses	\$ 400,281	\$ 89,868	\$ 14,875	\$ 473,482	\$ 978,506

## **SINGLE AUDIT ACT REQUIREMENTS**

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Project Number	Federal CFDA Number	Expenditures
U.S. Department of Education			
Direct Programs			
TRIO Cluster			
TRIO - Upward Bound	P047A120511	84.047	\$ 330,009
TRIO - Student Support Services	P042A100269	84.042	237,143
Total - Trio Cluster			\$ 567,152
Student Financial Aid Cluster			
Federal Work Study	P033A123782	84.033	\$ 195,792
SEOG	P007A113782	84.007	6,051
SEOG	P007A123782	84.007	251,264
PELL	P063P122478	84.063	17,017,870
PELL	P063P112478	84.063	2,750
Federal Stafford Loans Direct Loans	P268K132478	84.268	17,267,655
Federal Stafford Loans Direct Loans	P268K122478	84.268	88,489
Federal Stafford Loans Third Party Lenders	None	84.032	86,625
Federal Perkins Loan Program	None	84.038	421,042
Total - Student Financial Aid Cluster			\$ 35,337,538
Title III	P031A090139	84.031A	\$ 320,806
FIPSE Textbook	P116T100008	84.116T	143,136
Gear Up	P334S110019	84.334S	76,465
CCAMPIS	P355A100003	84.335A	63,232
RISE	P382A110026	84.382A	346,194
Total U.S. Department of Education Direct Programs			\$ 36,854,523
Pass Through State Dept. of Education			
Perkins IV	13VA406	84.048	\$ 379,344
Total Pass Through State Dept. of ED.			\$ 379,344
Total U.S. Department of Education			\$ 37,233,867
U.S. Department of Labor			
Direct Programs			
Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors			
ARRA Health Care Sector	GJ20073AC0	17.275	\$ 714,655
ASSIST	TC-22521-11-60-A-45	17.282	6,688,144
Total U.S. Department of Labor Direct Programs			\$ 7,402,799

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Project Number	Federal CFDA Number	Expenditures
National Science Foundation			
Direct Programs			
ATE - Advancing Faculty Development & Program Improvement	1003733	47.076	\$ 250,410
ATE - Expanding Excellence in Technical Education	602710	47.076	13,904
ATE - Technical Assistance Mentoring	602710	47.076	8,840
ATE - Mentor Connect	1204463	47.076	186,667
ATE - Scholarships in Science, Technology, Engineering and Math	602710	47.076	115,230
Total National Science Foundation Direct Programs			\$ 575,051
Pass Through Clemson University			
National Science Foundation	1570-206-2008657	47.076	\$ 98,931
Total Pass Through Clemson University			\$ 98,931
Total National Science Foundation			\$ 673,982
United States Department of Health and Human Services			
Pass Through Pitt Community College			
Health Information Technology - ARRA	90CC0078/01	93.721	258,353
Total Pass Through Pitt Community College			\$ 258,353
Pass Through Greenville Technical College			
Teach Early Childhood Scholars	None	93.575	\$ 336
Total Pass Through Greenville Technical College			\$ 336
Total United States Department of Health & Human Services			\$ 258,689
Nuclear Regulatory Commission			
Direct Programs			
Power Up Nuclear Scholarships	NRC-HQ-12-G-38-0028	77.008	\$ 137,900
High - Tech Online	NRC-HQ-12-G-38-0051	77.006	9,100
Total Nuclear Regulatory Commission			\$ 147,000
Small Business Administration			
Pass Through Winthrop College			
Small Business	None	59.037	\$ 9,181
Total Small Business Administration			\$ 9,181

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Project Number	Federal CFDA Number	Expenditures
U.S. Department of Commerce			
Direct Programs			
EDA Capital Project	04-79-06274	11.300	\$ 64,313
Total Direct Programs			\$ 64,313
Pass Through SC Technical Collage Board			
Broadband Technology-ARRA	None	11.557	\$ 5,498
Total Pass Through SC Technical College Board			\$ 5,498
Total U.S. Department of Commerce			\$ 69,811
Total Federal Programs			\$ 45,795,329

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Florence - Darlington Technical College and is presented on the accrual basis, the same basis of accounting used to prepare the basic financial statements as described in Note 1 to the financial statements.

The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the basic financial statements (or reported in the federal financial reports).

2. FEDERAL NON-CASH ASSISTANCE

Florence - Darlington Technical College did not receive or expend federal awards in the form of non-cash assistance and had no federal loan guarantees at June 30, 2013.

3. DETERMINATION OF MAJOR PROGRAMS

Major federal programs were determined in accordance with OMB Circular A-133. For the year ended June 30, 2013, the following programs were determined to be major programs in accordance with OMB Circular A-133: Student Financial Aid Cluster, ARRA - Health Care Sector, Rise, ASSIST, and NRC Power-Up Nuclear Scholarships. Since the Student Financial Aid Cluster included U.S. Department of Education, the direct loan program, it was deemed to be a large loan program for single audit major program determination. The dollar threshold for Type A programs was \$313,734.

4. FEDERAL LOAN PROGRAMS

The College has students who have been approved for Federal Family Education Loan Program's loans which were received by those students during the current year. The College is not the lender of the loans; it only processes them for the lender the student chooses. The total loans received and accounted for in an agency fund were as follows: Direct Loans - \$17,356,144, and Third Party Stafford Loans - \$86,625. These loans have been recorded on the schedule of expenditures of federal awards; however, the responsibility for administration and collection passes to the U.S. Department of Education or other lending agencies after the loans are disbursed.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

4. FEDERAL LOAN PROGRAMS (continued)

The College also administers the following campus - based federal loan programs:

	<u>CFDA Number</u>	<u>Outstanding Balance</u>
Perkins Student Loans	84.038	\$ 378,794
Perkins Revolving Loan Fund		<u>42,248</u>
Total Federal Perkins Loan		<u>\$ 421,042</u>

5. RECONCILIATION OF REVENUE TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Total per Expenditures of Federal Awards \$45,795,329

Total Federal Revenue:

Federal Operating Grants	\$ 6,905,182
Federal Non-operating Grants	20,962,023
Federal Capital Grants	<u>64,313</u>
	<u>\$27,931,518</u>

Total Loans:

Perkins Student Loans and Loan Fund	\$ 421,042
Federal Direct Loans	17,356,144
Federal Stafford Third Party Loans	<u>86,625</u>
	<u>\$17,863,811</u>





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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Florence - Darlington Commission for Technical Education  
Florence - Darlington Technical College  
Conway, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florence - Darlington Technical College, as of and for the year ended June 30, 2013 and the related notes to the financial statements which collectively comprise Florence - Darlington Technical College's basic financial statements and have issued our report thereon dated September 27, 2013. Our report includes a reference to other auditors who audited the financial statements of Florence - Darlington Technical College Educational Foundation, Inc., as described in our report on Florence - Darlington Technical College's financial statements. The financial statements of Florence - Darlington Technical College Educational Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Florence - Darlington Technical College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Florence - Darlington Technical College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a

deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harper, Poston & Moree, P.A.*

Harper, Poston & Moree, P.A.  
Certified Public Accountants

Georgetown, South Carolina  
September 27, 2013



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

Florence - Darlington Commission for Technical Education  
Florence - Darlington Technical College  
Florence, South Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Florence - Darlington Technical College's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Florence - Darlington Technical College's major federal programs for the year ended June 30, 2013. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Florence - Darlington Technical College's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal

program occurred. An audit includes examining, on a test basis, evidence about Florence - Darlington Technical College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Florence - Darlington Technical College's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Florence - Darlington Technical College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of Florence - Darlington Technical College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purposed of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Harper, Poston & Moree, P.A.*

Harper, Poston & Moree, P.A.  
Certified Public Accountants

Georgetown, South Carolina  
September 27, 2013

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

A. SUMMARY OF THE AUDITOR'S RESULTS

1. The independent auditor's report on the financial statements expressed an unqualified opinion.
2. There were no significant deficiencies or material weaknesses in internal control over financial reporting disclosed in the auditor's report on internal control over financial reporting and on compliance and other matters based on an audit performed in accordance with *Government Auditing Standards*.
3. The audit disclosed no material noncompliance matters in relation to the financial statements.
4. There were no significant deficiencies or material weaknesses in internal control over compliance applicable to major programs reported in the auditor's report on compliance and internal control over compliance with major federal award programs.
5. The report on compliance for major programs expressed an unqualified opinion.
6. The audit disclosed no audit findings that are required to be reported in accordance with Circular A-133, Section .510(a).

7. The major programs of Florence - Darlington Technical College included in the audit were:

<u>Program</u>	<u>CFDA Number</u>
Student Financial Aid Cluster	
Federal Workstudy	84.033
SEOG	84.007
Pell	84.063
Federal Stafford Loans -	
Third Party	84.032
Direct Loan	84.268
Federal Perkins Loans	84.038
ARRA - Health Care Sector	17.275
ASSIST	17.282
NRC – Power Up Scholarships	77.008
Rise	84.382A

8. The dollar threshold for Type A programs for Florence – Darlington Technical College was \$313,734. It was determined that the student financial aid cluster which included the national direct subsidized and unsubsidized loans should be excluded from the determination and audited as a major program.
9. Florence – Darlington Technical College qualified as a low-risk auditee.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

B. FINDINGS IN RELATION TO THE AUDIT OF THE FINANCIAL STATEMENTS

1. No matters were reported.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. No matters were reported.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013

Prior Year Findings - Major Federal Award Programs

No matters were reported.